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THE DEFENSE CONTRACT MANAGEMENT COMMAND
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IN REPLY
REFER TO

AQOD

S: FEB. 20, 1998

JAN 26 1998

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS
COMMANDERS, DCMC CONTRACT ADMINISTRATION
OFFICES**

**SUBJECT: DCMC Memorandum No. 98-48 , Review of One Book Chapters;
Management Councils and Integrated Product Teams (IPTs) (TASKING)**

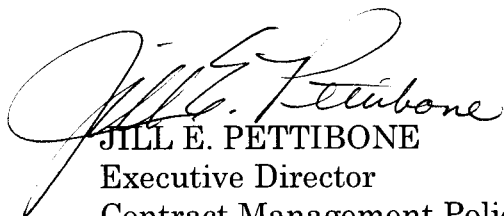
This is a TASKING Memorandum. Its purpose is to provide all DCMC employees an opportunity to contribute to the policy development process. It will expire upon completion of required action. Target Audience: All DCMC Personnel.

New Information:

- The following NEW One Book Chapters on Management Councils and Integrated Product Teams (IPTs) are provided for your review and comment:
 - 1.) The chapter on Management Councils addresses their establishment, membership and operations. It includes information that was previously outlined in policy and information memorandums as well as successes and lessons learned from CAOs. The chapter also reflects guidance that will be in the next release of DoDD 5000.2R.
 - 2.) The IPT chapter addresses the establishment, membership, and the roles and responsibilities of DCMC personnel in a teaming environment.
- Your comments are welcome to improve the policy we issue. We would appreciate responses NLT February 20, 1998.

Point of Contact for Further Information:

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JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachments:

1. Draft Management Council Chapter
2. Draft IPT Chapter

MANAGEMENT COUNCILS

DRAFT: January 1998

1. This Chapter is about:

This chapter addresses the establishment and operation of Management Councils. Management Councils are composed of senior representatives from customer buying activities and program management offices, the Defense Contract Audit Agency (DCAA), DCMC, and contractors. The Councils provide forums for communicating ideas, implementing change, and accelerating improvements in the acquisition process.

2. We Do This Because:

A. Management Councils add value to the acquisition process by bringing all stakeholders together in a forum for the communication of ideas to help implement improvements and other needed changes. They exist to coordinate the resolution of issues which are affecting the efficiency and effectiveness of contractor operations. DCMC's participation on Management Councils help to provide customers the best Contract Administration Services (CAS) support available and help them to make their acquisition programs successful and affordable.

B. Management Councils can positively influence all the Top Metrics and ensure all parties are working to common, agreed upon goals.

3. DCMC's Policy:

A. It is our policy that CAOs shall establish and support Management Councils. In addition to providing a forum for communicating ideas, Management Councils shall be used to encourage and sponsor process improvement efforts by utilizing Integrated Product Teams (IPTs), PROCAS techniques, and risk assessment tools.

B. Management Councils shall not alter, supplement or deviate from the terms of the contract or FAR/DFARS requirements. In addition, Administrative Contracting Officers (ACOs) and auditors shall retain their independent decision making authority.

3. The process and who is responsible:

A. Process Inputs:

- 1.) Customer requirements.
- 2.) Single Process Initiative (SPI) and Acquisition Pollution Prevention Initiative (AP2I) Proposals
- 3.) Acquisition reform efforts.
- 4.) Problem/performance improvement areas.
- 5.) High risk processes.

B. Sub-processes:

- 1.) Establishment
- 2.) Membership
- 3.) Meetings
- 4.) Charter
- 5.) Agenda
- 6.) Operation
- 7.) Successes

C. Process mechanisms:

- 1.) Stakeholders
- 2.) Meetings
- 3.) #Integrated Product Teams (IPTs)#
- 4.) #PROCAS#
- 5.) Program Integrator (PI)/Program Support Team (PST)

D. Process Controls:

- 1.) #DoD 5000.2-R Contractor Management Council Para. 5.9.#
- 2.) Federal Acquisition Regulation (FAR) and Supplements.
- 3.) Contractual Terms and Conditions.

E. Process Flowchart: TBD

F. Who does what and when they do it:

- 1.) Establishment of Management Councils

CAO Commanders shall form Management Councils to support all major acquisition programs (ACAT IC & ID, ACAT IA, or ACAT II) and for all contractors that account for more than 80 percent of a CAOs' annual contract dollar obligations. (At Geographic offices, multiple Councils may be needed.) Management Councils provide a forum to communicate ideas, identify best practices, implement change, and accelerate improvements in the acquisition process.

- 2.) Management Council Membership

Management Council membership shall include representation from all stakeholders (contractor, DCMC, DCAA, and major customers). Council membership is voluntary, but members must be senior enough to commit resources and make decisions for their organizations within applicable regulations and statutes. Whenever possible, the CAO Commander should be the DCMC representative; the DCAA representative should be the resident auditor; program managers or deputy program managers should represent the buying activity when talking about that activity's programs; and the contractor member should be the president, or the chief operating officer for that location. **All efforts shall be made to maintain consistency of membership to ensure continuity.**

3.) Management Council Meetings

Management Councils shall meet as frequently as needed to keep abreast of the issues and improvement activity status. Meeting dates should be standardized to facilitate planning of schedules by attendees. Management Councils should consider “all day” formats to ensure sufficient time to adequately discuss all the issues. They should also consider rotating meeting sites to customer locations occasionally.

4.) Management Council Charter

Management Councils shall develop and maintain an agreed-to and well-defined charter. The charter should define the Council's mission, goals, and objectives as well as identify member organizations and their roles and responsibilities. It should outline clear operating practices, including dispute resolution/escalation procedures, to ensure timely decisions and actions.

5.) Management Council Agenda

Management Councils shall develop a clear agenda for each meeting and ensure issues are of interest to stakeholders (e.g., SPI and AP2I proposals, process improvements, oversight activities, best practices/lessons learned, evaluations, etc.) Time should also be allotted for members to surface new issues. Procedures should be established to identify all the open actions, identify the responsible parties, estimate performance milestones and completion dates, and compile and distribute meeting minutes. The overall theme all agendas should strive for is providing our customers with the Right Item at the Right Time and Right Price.

6.) Management Council Operations

a.) **Management Councils must encourage open and honest discussions.** Members should recognize that it takes time and commitment to understand others' point of view. Members should agree to continue talking even if parties initially disagree. By achieving a greater understanding of all members' concerns, all should be able to reach mutual agreement while not compromising anyone's standards. Members must always strive to improve customer satisfaction.

b.) **Management Councils shall charter and manage teaming efforts (PROCAS, IPTs, etc.) to facilitate process/performance improvement activities (e.g., perform financial/technical reviews, research issues, address high risk/problem areas, etc.) and anything else that requires top-level focus.**

7.) Management Council Successes

Management Councils shall publicize success stories so others may benefit. Process Improvement related information and any cost savings/avoidances realized shall be reported via the Automated Metrics System (AMS) Acquisition Process Improvement Network (PIN).

5.) Additional process information:

- a.) Business Plan
- b.) Metrics Guidebook
- c.) AMS Acquisition PIN

6.) Competencies/certifications required to execute this process: TBD

7.) PLAS reporting code: Charge the applicable subject matter PLAS Code.
Process Unit Count: None

8.) Process Owner at DCMC Headquarters:

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Process Champions at Districts: TBD

DCMDE: Name, Team, Phone, E-mail

DCMDW: Name, Team, Phone, E-mail

DCMDI: Name, Team, Phone, E-mail

INTEGRATED PRODUCT TEAMS (IPTs)

DRAFT: January 1998

1. This Chapter is about:

This chapter addresses establishment and membership of Integrated Product Teams (IPTs). IPTs are multi-functional, multi-organizational teams formed to capitalize on the strengths of all participants in the acquisition process.

2. We do this because:

A. IPTs add value to the acquisition process by bringing all functional disciplines together to simultaneously exchange ideas and build successful programs. IPTs take advantage of individual functional expertise in a teaming environment. Their purpose is to provide the best product and service to customers in the most cost effective and efficient manner possible. DCMC's participation on IPTs provides functional expertise from a Contract Administration Services (CAS) perspective.

B. IPTs influence all the Top Metrics because all functional disciplines are represented. By addressing performance issues and recommending solutions, the overall trends of the top metrics and associated feeder metrics will improve.

3. DCMC's Policy:

All DCMC personnel shall support IPTs to the maximum extent practicable. CAOs shall provide members to support IPTs that are sponsored by #Management Councils,# or customers. IPTs shall be established to resolve contract performance problems, improve contract performance, facilitate acquisition reform efforts, develop #CAO surveillance plans,# and address any other issue that requires a multi-functional perspective. Within any IPT, #PROCAS# techniques and risk assessment tools shall be used to improve overall contract performance.

4. The process and who is responsible:

A. Process Inputs:

- 1.) Customer requirements
- 2.) Management Council Agenda
- 3.) Problem/performance improvement areas
- 4.) High risk processes.
- 5.) Acquisition Reform efforts

B. Sub-processes:

- 1.) Establishment
- 2.) Membership
- 3.) Roles and Responsibilities
- 4.) Successes

C. Process Mechanisms:

- 1.) Members
- 2.) Meetings
- 3.) Action Items
- 4.) #PROCAS#

D. Process Controls:

- 1.) #DoD 5000.2-R Integrated Product Teams#
- 2.) Federal Acquisition Regulation (FAR) and Supplements
- 3.) Contractual Terms and Conditions

E. Process Flowchart: TBD

F. Who does what and when they do it:

- 1.) Establishment of IPTs

Customers (Program Managers [PMs]) and #Management Councils# shall identify, select, and prioritize areas that require an IPT. In addition, CAOs should use multifunctional IPTs to develop, implement, and maintain CAO #surveillance plans.#

- 2.) IPT Membership

CAO management shall support all requests for IPT membership/leadership by providing the appropriate functional representatives (e.g., engineering, quality assurance, contracts, industrial operations, etc.) best suited for a particular IPT. All attempts shall be made to support requests for IPT membership; however, priority shall be placed on addressing those processes that are critical to satisfying contractual requirements.

- 3.) Roles and Responsibilities in an IPT Environment

To be effective, all IPT members and their leadership shall adhere to the following principles to the maximum extent possible:

A.) Open Discussions

1.) Cooperation is essential. Teams must have full and open discussions. All facts must be on the table for each team member to understand and assess. Each member brings unique expertise to the team that needs to be recognized by all. Each person's views are important in developing a successful program, and these views need to be heard. However, full and open discussion does not mean that each view must be acted on by the team.

2.) A sense of ownership on the part of the IPT members is key to the success of the IPT process. However, a sense of ownership is not possible if the members of the IPT are expected to merely "rubber stamp" others' decisions or positions. Ownership is a collective concept. All IPT members must feel that their contributions were important to the process and were fairly and openly considered.

B.) Qualified, Empowered Team Members

1.) Empowerment is critical to making and keeping the agreements essential to effective IPTs. All representatives assigned to IPTs must be empowered by their leadership. They must be able to speak for their superiors, the “principals,” in the decision-making process. Of course, IPT members cannot be expected to have all the breadth of knowledge and experience of their leadership. However, they are expected to be in frequent communication with their leadership, and thus ensure that their advice to the sponsoring party (#Management Council,# customer, etc.) is sound and will not be disavowed later, barring unforeseen circumstances or new information. One of the responsibilities of DCMC leadership is to train and educate their staff so they will have the required knowledge and skills to represent their organizations.

2.) IPT members must make the other team members aware of any limits to their ability to speak for their principals. IPT agreements cannot be binding if they exceed the limits of a member’s empowerment. Representatives must seek direction from their superiors on the limits of their authority and make recommendations only within those limits. Leaders will enhance members’ effectiveness by granting the greatest possible authority.

3.) It is important for the IPT leader to stress that, in general, agreements reached by the IPT are binding. An exception to this general rule would be the rare case where new information comes to light after agreements have been reached, and the new information is significant enough to warrant a review of prior agreements.

C.) Continuous, “up-the-line” Communications

All members are expected to ensure that their leadership is in agreement with what the IPT is doing. When issues arise that exceed the limits of empowerment, the PM or IPT leader must allow members adequate time to coordinate issues and positions with their principals.

D.) Reasoned Disagreement

IPTs should not seek “lowest common denominator” consensus. There can be disagreement on how to approach particular issues, but disagreements must be reasoned based on alternative plans of action rather than unyielding opposition. Issues that cannot be resolved by the team must be identified early so that resolution can be achieved as quickly as possible at the appropriate management level.

4.) IPT Successes

IPTs should publicize and share success stories and lessons learned so others may benefit. **Success Stories/Lessons Learned and any cost savings and/or avoidances realized shall be reported via the AMS Acquisition Process Improvement Network (PIN).**

5.) Additional process information:

- a.) Business Plan
- b.) Metrics Guidebook
- c.) AMS Acquisition Process Improvement Network (PIN)
- d.) #Rules of the Road - - A Guide for Leading Successful Integrated Product Teams#

6.) Competencies/certifications required to execute this process:

DAWIA certification in the applicable functional positions that individuals represent on an IPT.

7.) PLAS reporting code: Charge the applicable subject matter PLAS code.

Process Unit Count: None

8.) Process Owner at DCMC Headquarters:

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